

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

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W-01732A
Willow Valley Water Company, Inc.
3800 N. Central Ave., Ste. 770
Phoenix, AZ 85012

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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RECEIVED

APR 18 2005

AZ Corporation Commission
Director Of Utilities

FOR COMMISSION USE

ANN04	04
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COMPANY INFORMATION

Company Name (Business Name) Willow Valley Water Company, Inc.

Mailing Address 3800 N. Central Ave. Suite 770
(Street)

Phoenix

(City)

AZ

(State)

85012

(Zip)

602-224-0711

Telephone No. (Include Area Code)

602-224-5455

Fax No. (Include Area Code)

602-725-0889

Pager/Cell No. (Include Area Code)

Email Address jmhlik@qwest.net

Local Office Mailing Address 1430 E. Commercial St.
(Street)

Mohave Valley

(City)

AZ

(State)

86440

(Zip)

928-768-4413

Local Office Telephone No. (Include Area Code)

928-768-2972

Fax No. (Include Area Code)

928-303-1103

Pager/Cell No. (Include Area Code)

Email Address leonard@vwc.phxcoxmail.com

MANAGEMENT INFORMATION

Management Contact: John Mihlik President
(Name) (Title)

3800 N. Central Ave. Suite 770

(Street)

Phoenix

(City)

AZ

(State)

85012

(Zip)

602-244-0711

Telephone No. (Include Area Code)

602-224-5455

Fax No. (Include Area Code)

602-725-0889

Pager/Cell No. (Include Area Code)

Email Address jmhlik@qwest.net

On Site Manager: Leonard Scheid
(Name)

1430 E. Commercial St.

(Street)

Mohave Valley

(City)

AZ

(State)

86440

(Zip)

928-768-4413

Telephone No. (Include Area Code)

928-768-2972

Fax No. (Include Area Code)

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Pager/Cell No. (Include Area Code)

Email Address leonard@vwc.phxcoxmail.com

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: John F. Goodson
(Name)
2025 N. 3rd St. Phoenix AZ 85004
(Street) (City) (State) (Zip)
602-252-5110 602-257-1883 602-252-5823
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Bill Sullivan
(Name)
2712 N. 7th St. Phoenix AZ 85006
(Street) (City) (State) (Zip)
602-248-0372 602-266-8290
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input checked="" type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

Willow Valley Water Company, Inc.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	0	0	0
302	Franchises	0	0	0
303	Land and Land Rights	18,100	0	18,100
304	Structures and Improvements	116,886	68,549	48,337
307	Wells and Springs	60,069	35,406	24,663
311	Pumping Equipment	270,533	158,395	112,138
320	Water Treatment Equipment	238,614	87,747	150,868
330	Distribution Reservoirs and Standpipes	256,670	75,593	181,077
331	Transmission and Distribution Mains	548,258	191,251	357,006
333	Services	86,307	33,594	52,713
334	Meters and Meter Installations	182,734	119,972	62,762
335	Hydrants	23,514	9,446	14,067
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	20,227	12,927	7,300
341	Transportation Equipment	8,748	10,639	(1,891)
343	Tools, Shop and Garage Equipment	12,653	5,443	7,210
344	Laboratory Equipment			
345	Power Operated Equipment	22,439	11,651	10,788
346	Communication Equipment	1,908	1,232	676
347	Miscellaneous Equipment			
348	Other Tangible Plant	3,937	1,666	2,271
	ACC Staff Rate Case Adj. 1997		14,670	(14,670)
	TOTALS	1,871,598	838,183	1,033,416

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Willow Valley Water Company, Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2) SLHY	Depreciation Expense (1x2)
301	Organization	0	0%	0
302	Franchises	0	0%	0
303	Land and Land Rights	18,100	0%	0
304	Structures and Improvements	116,886	3.33%	3,888
307	Wells and Springs	60,069	3.33%	2,000
311	Pumping Equipment	270,533	12.50%	27,212
320	Water Treatment Equipment	238,614	3.33%	6,405
330	Distribution Reservoirs and Standpipes	256,670	2.22%	4,351
331	Transmission and Distribution Mains	548,258	2.00%	9,200
333	Services	86,307	3.33%	2,362
334	Meters and Meter Installations	182,734	8.33%	14,812
335	Hydrants	23,514	2.00%	412
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	20,227	6.67%	1,343
341	Transportation Equipment	8,748	20.00%	3,843
343	Tools, Shop and Garage Equipment	12,653	5.00%	596
344	Laboratory Equipment			
345	Power Operated Equipment	22,439	5.00%	1,106
346	Communication Equipment	1,908	10.00%	181
347	Miscellaneous Equipment			
348	Other Tangible Plant	3,937	3.33%	131
	TOTALS	1,871,598		77,843

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 7,100	\$ 8,194
134	Working Funds		
135	Temporary Cash Investments	66,391	68,058
141	Customer Accounts Receivable	34,048	26,878
146	Notes/Receivables from Associated Companies	118,747	155,509
151	Plant Material and Supplies	13,688	17,061
162	Prepayments	3,752	3,785
174	Miscellaneous Current and Accrued Assets	28,442	24,138
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 272,168	\$ 303,623
	FIXED ASSETS		
101	Utility Plant in Service	\$ 1,347,608	\$ 1,871,598
103	Property Held for Future Use		
105	Construction Work in Progress	81,700	0
108	Accumulated Depreciation – Utility Plant	(776,674)	(838,183)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 652,634	\$ 1,033,416
	TOTAL ASSETS	\$ 924,802	\$ 1,337,039

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 0	\$ 0
232	Notes Payable (Current Portion)	29,561	31,046
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	11,730	6,350
236	Accrued Taxes	13,292	25,600
237	Accrued Interest	3,280	3,829
241	Miscellaneous Current and Accrued Liabilities	11,190	0
	TOTAL CURRENT LIABILITIES	\$ 69,054	\$ 66,825
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 538,628	\$ 523,338
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	168,336	603,594
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 168,336	\$ 603,594
	TOTAL LIABILITIES	\$ 776,018	\$ 1,193,757
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 53,000	\$ 53,000
	Preferred Stock Issued	135,100	135,100
211	Paid in Capital in Excess of Par Value	108,790	108,790
215	Retained Earnings	(148,107)	(153,607)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 148,783	\$ 143,283
	TOTAL LIABILITIES AND CAPITAL	\$ 924,802	\$ 1,337,039

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 464,038	\$ 474,820
460	Unmetered Water Revenue		
474	Other Water Revenues	22,887	23,882
	TOTAL REVENUES	\$ 486,925	\$ 498,702
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 112,459	\$ 112,516
610	Purchased Water		
615	Purchased Power	22,891	24,466
618	Chemicals		
620	Repairs and Maintenance	9,727	3,394
621	Office Supplies and Expense	20,705	21,582
630	Outside Services	143,665	151,442
635	Water Testing	6,885	8,941
641	Rents		
650	Transportation Expenses	11,990	14,275
657	Insurance – General Liability	6,996	5,198
659	Insurance - Health and Life	15,294	13,902
666	Regulatory Commission Expense – Rate Case	12,000	4,000
675	Miscellaneous Expense	3,922	5,184
403	Depreciation Expense	65,951	77,843
408	Taxes Other Than Income	9,338	10,169
408.11	Property Taxes	26,584	28,418
409	Income Tax	9,194	6,082
	TOTAL OPERATING EXPENSES	\$ 477,600	\$ 487,414
	OPERATING INCOME/(LOSS)	\$ 9,325	\$ 11,288
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 11,774	\$ 11,315
421	Non-Utility Income	17,696	11,788
426	Miscellaneous Non-Utility Expenses	(150)	(150)
427	Interest Expense	(42,075)	(39,744)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (12,755)	\$ (16,791)
	NET INCOME/(LOSS)	\$ (3,430)	\$ (5,503)

COMPANY NAME

Willow Valley Water Company, Inc.

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4	LOAN #5
Date Issued	1/95	12/98	9/98	10/03	
Source of Loan	CoBank	CoBank	WIFA	WIFA	
ACC Decision No.	58918	60713	60713	64891	
Reason for Loan	Plant Improvement	Office Building	Plant Improvement	Well Site Upgrade	
Dollar Amount Issued	\$300,000	\$75,350	\$232,650	\$70,639	
Amount Outstanding	\$220,865	\$64,114	\$184,906	\$84,499	
Date of Maturity	6/2015	12/2018	9/2018	2/2018	
Interest Rate	9.53%	v 6.0%	6.125%	4.375%	
Current Year Interest	\$21,963	\$3,209	\$10,370	\$3,302	
Current Year Principal	\$11,771	\$1,922	\$12,776	\$4,394	

Meter Deposit Balance at Test Year End

\$53,459

Meter Deposits Refunded During the Test Year

\$7,589

COMPANY NAME

Willow Valley Water Company, Inc.

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-603947 (King St.)	15	500	97	8	4	
55-603949 (Unit 17)	15	400	86	8	6	
55-603951 (Unit 1)	15	250	100	16	4	
55-603952 (Ridding Club)	5	90	91	20	3	
55-604161 (LC Little)	5	225	102	16	6	
55-604160 (LC Big)	10	400	100	12	4	

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
30	1	34	24
15	6		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
210,000	1	13,000	1
150,000	1	5,000	3
93,000	1	2,000	1
50,000	1	80	4

COMPANY NAME	Willow Valley Water Company, Inc.
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WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	565
3	PVC	2,387
4	PVC	76,262
5		
6	PVC	43,110
8	PVC	26,852
10	PVC	1,510
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	1,478
3/4	1
1	10
1 1/2	2
2	2
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	2
Comp. 6	1
Turbo 6	1

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

MIOX treatment system at King St. Wellsite

STRUCTURES:

Office Building; Fences around all wellsites; Wood shed at King St.

OTHER:

COMPANY NAME:

Willow Valley Water Company, Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLON PUMPED (Thousands)
JANUARY	1,470	7,474	8,334
FEBRUARY	1,474	6,799	7,511
MARCH	1,473	8,552	10,149
APRIL	1,472	9,323	10,417
MAY	1,482	10,784	12,220
JUNE	1,477	13,139	14,688
JULY	1,484	15,354	15,632
AUGUST	1,480	13,146	13,052
SEPTEMBER	1,486	14,125	14,335
OCTOBER	1,490	11,243	11,132
NOVEMBER	1,492	7,550	7,647
DECEMBER	1,497	7,848	7,904
TOTAL		N/A	133,021

Is the Water Utility located in an ADWR Active Management Area (AMA)?☐ Yes☒ No**Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?**☐ Yes☒ No**If yes, provide the GPCPD amount:** -**What is the level of arsenic for each well on your system.** < .007 mg/l*(If more than one well, please list each separately.)****Note: If you are filing for more than one system, please provide separate data sheets for each system.***

COMPANY NAME Willow Valley Water Company, Inc. **YEAR ENDING 12/31/2004**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 27,501

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME Willow Valley Water Company, Inc. YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported (22,080)
Estimated or Actual Federal Tax Liability (3,312)

State Taxable Income Reported (23,734)
Estimated or Actual State Tax Liability (1,654)

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

4/14/05

DATE

J. John Mihlik

PRINTED NAME

President

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 18 2005

VERIFICATION

STATE OF AZ

I, THE UNDERSIGNED

OF THE

AZ Corporation Commission
Director Of Utilities

COUNTY OF (COUNTY NAME) Maricopa
NAME (OWNER OR OFFICIAL) TITLE J. John Mihlik
COMPANY NAME Willow Valley Water Company, Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 535,682

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 36,980
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL

602-224-0771

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 14th DAY OF



CHRISTINA VAN GOETHEM
(Notary) Public - Arizona
Maricopa County
Expires 10/31/06

MY COMMISSION EXPIRES 10/31/06

COUNTY NAME **Maricopa**

MONTH

April

2005

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED

APR 1 8 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

COUNTY OF (COUNTY NAME)	Maricopa
NAME (OWNER OR OFFICIAL)	J. John Mihlik
TITLE	President
COMPANY NAME	Willow Valley Water Company, Inc.

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

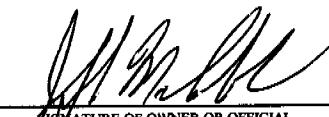
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>503,541</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 34,761
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**



SIGNATURE OF OWNER OR OFFICIAL

602-224-0711

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF


THIS 14th **DAY OF**



CHRISTINA VAN GOETHEM
Notary Public - Arizona
Maricopa County
Expires 10/31/06

MY COMMISSION EXPIRES 10/31/06

NOTARY PUBLIC NAME	
<u>Christina Van Goethem</u>	
COUNTY NAME	
Maricopa	
MONTH	YEAR
<u>April</u>	<u>2005</u>

X 

SIGNATURE OF NOTARY PUBLIC

Willow Valley Water Company, Inc.
Balance Sheet
December 31, 2004

ASSETS

PROPERTY, PLANT & EQUIPMENT	\$	1,871,598.45
Construction in Progress		0.00
Accumulated Depreciation		(838,182.66)

TOTAL PROPERTY, PLANT & EQUIP.	1,033,415.79
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CURRENT ASSETS

Cash	8,193.98
Accounts Receivable	26,878.47
Materials & Supp Inventory	17,060.63
Prepaid Expense	3,784.62

TOTAL CURRENT ASSETS	55,917.70
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OTHER ASSETS

Restricted Cash	68,058.02
Deferred Finance Fees	1,479.20
Deferred Income Taxes	5,732.00
Deferred Rate Case Expenses	0.00
Inter-Co Receivable	52,031.28
Note Receivable	103,477.53
Investment-CoBank	16,927.15

TOTAL OTHER ASSETS	247,705.18
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TOTAL ASSETS	\$	1,337,038.67
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Unaudited

Willow Valley Water Company, Inc.
Balance Sheet
December 31, 2004

STOCKHOLDER'S EQUITY & LIABILITIES

STOCKHOLDER'S EQUITY

Common Stock	\$ 53,000.00
Preferred Stock	135,100.00
Additional Paid in Capital	108,790.00
Retained Earnings	(148,104.16)
Net Income	(5,503.32)

TOTAL STOCKHOLDER'S EQUITY 143,282.52

LONG-TERM DEBT

Long-Term Debt (Net of C/P)	523,338.24
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TOTAL LONG-TERM DEBT 523,338.24

CURRENT LIABILITIES

Current Portion of L-T Debt	31,046.07
Account Payable	0.00
Customer Security Deposits	6,350.00
Current Portion of AIAC	3,321.68
Accrued Property Taxes	14,208.92
Accrued Sales & Use Taxes	11,390.58
Accrued Debt Interest	3,829.35

TOTAL CURRENT LIABILITIES 70,146.60

DEFERRED LIABILITIES

Meter Deposits	53,458.50
Inter-Co Payable	0.00
AIAC (Net of C/P)	546,812.81

TOTAL DEFERRED LIABILITIES 600,271.31

**TOTAL STOCKHOLDER'S EQUITY
& LIABILITIES**

\$ 1,337,038.67

Unaudited

Willow Valley Water Company, Inc.
Income Statement
For the Twelve Months Ending December 31, 2004

	<u>Current Month</u>	<u>Year to Date</u>
Water Sales	\$ 36,262.70	\$ 474,819.55
Other Operating Revenue	1,688.77	23,882.35
TOTAL OPERATING REVENUE	<u>37,951.47</u>	<u>498,701.90</u>
OPERATING EXPENSE		
Wages	10,667.09	111,008.37
Employee Benefits	565.56	13,902.43
IRA Contribution	160.68	1,508.29
Purchased Power	1,729.90	24,465.68
Repairs & Maintenance	<3,046.65>	3,393.98
Water Testing & Treat.	352.18	8,941.12
Outside Services	3,402.60	9,225.90
Management Fees	11,976.00	142,216.00
Transportation	1,422.11	14,275.39
General Office & Admin.	1,265.95	16,620.40
Rent	0.00	0.00
General Insurance	433.17	5,198.04
Communications	394.74	4,962.36
Depreciation	6,486.94	77,842.95
Rate Case Expense	0.00	4,000.00
Bad Debts	156.54	1,921.01
Regulatory/Permits	0.00	1,046.85
Business Meetings/Travel	364.86	2,081.01
Continuing Education	0.00	135.00
Payroll Taxes	970.03	10,169.30
Property Taxes	2,368.19	28,417.84
Income Tax Expense	6,082.00	6,082.00
TOTAL OPERATING EXPENSES	<u>45,751.89</u>	<u>487,413.92</u>
EARNINGS (LOSS) FROM OPERATION	<u><7,800.42></u>	<u>11,287.98</u>
OTHER INCOME (EXPENSE)		
Interest Income	943.01	11,314.61
Interest Expense	<1,203.27>	<39,743.90>
Amortization	<12.50>	<150.00>
Other Income (Expense)	0.00	2,741.99
Income (Tax) Benefit	9,046.00	9,046.00
TOTAL OTHER INCOME (EXPENSE)	<u>8,773.24</u>	<u><16,791.30></u>
NET EARNINGS (LOSS)	\$ <u>972.82</u>	\$ <u><5,503.32></u>

Unaudited

Willow Valley Water Company, Inc.
Statement of Cash Flow
For the twelve Months Ended December 31, 2004

	<u>Current Month</u>	<u>Year to Date</u>
NET EARNINGS (LOSS)	\$ 972.82	\$ (5,503.32)
CASH FLOWS FROM OPERATING ACTIVITIES		
Depreciation	6,486.94	61,508.39
Accounts Receivable	(4,768.86)	7,169.94
Other Receivable	438.67	5,019.35
Inventory	(3,373.04)	(3,373.04)
Deferred Income Taxes	2,002.00	2,002.00
Prepaid Expense	312.68	(33.12)
Deferred Expenses	0.00	4,000.00
Deferred Expenses	12.50	150.00
Accounts Payable	0.00	0.00
Intercompany Payable	(267,516.99)	0.00
Intercompany Receivable	274,772.77	(41,779.99)
Accrued Liabilities	1,151.99	1,666.48
TOTAL ADJUSTMENTS	9,518.66	36,330.01
NET CASH FROM OPERATIONS	10,491.48	30,826.69
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(6,039.16)	(442,290.51)
Investments	0.00	(1,848.52)
NET CASH FOR (USED) IN INVESTING	(6,039.16)	(444,139.03)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing	0.00	0.00
Repayment of Debt	(7,990.17)	(13,804.48)
Restricted Cash	1,881.23	(1,666.62)
Paid In Capital	0.00	0.00
AIAC	0.00	421,195.44
Proceeds from Sec. Deposits	200.00	(5,380.00)
Proceeds from Meter Deposits	0.00	0.00
Proceeds from Meter Deposits	445.00	14,061.50
CASH PROVIDED FOR FINANCING	(5,463.94)	414,405.84
NET CASH FLOW	(1,011.62)	1,093.50
Summary		
Cash Balance at End of Period	8,193.98	8,193.98
Cash Balance at Beg. of Period	9,205.60	7,100.48
Net Increase <Decrease> in Cash	\$ (1,011.62)	\$ 1,093.50

Unaudited

REFERENCE NO.	DESCRIPTION	INVOICE DATE	INVOICE AMOUNT	DISCOUNT TAKEN	AMOUNT PAID
	Parcel #93011611 - 2nd Half				13,291.76

CHECK DATE	CHECK NO.	PAYEE	DISCOUNTS TAKEN	CHECK AMOUNT
4/7/04	2988	Mohave County Treasurer		\$13,291.76

ORIGINAL DOCUMENT PRINTED ON CHEMICAL REACTIVE PAPER WITH MICROPRINTED BORDER - SEE REVERSE SIDE FOR COMPLETE SECURITY FEATURES

WILLOW VALLEY WATER COMPANY, INC.

3800 N. CENTRAL AVE., SUITE 770
PHOENIX, ARIZONA 85012
(602) 224-0711



BANK ONE, N.A.
Phoenix, Arizona

2988

91-2/1221

Memo: Parcel #93011611

CHECK NO.

2988

DATE

Apr 7, 2004

AMOUNT

***\$13,291.76

PAY
TO THE
ORDER
OF

Thirteen Thousand Two Hundred Ninety-One and 76/100 Dollars

Mohave County Treasurer
Dora E. Goodmiller
PO Box 712
Kingman, AZ 86402-0712



THIS DOCUMENT CONTAINS HEAT SENSITIVE INK. TOUCH OR PRESS HERE - RED IMAGE DISAPPEARS WITH HEAT.

⑈002988⑈ ⑆122100024⑆

0442⑈3406⑈

WILLOW VALLEY WATER COMPANY, INC.

2988

REFERENCE NO.	DESCRIPTION	INVOICE DATE	INVOICE AMOUNT	DISCOUNT TAKEN	AMOUNT PAID
	Parcel #93011611 - 2nd Half				13,291.76

CHECK DATE	CHECK NO.	PAYEE	DISCOUNTS TAKEN	CHECK AMOUNT
4/7/04	2988	Mohave County Treasurer		\$13,291.76

6FMS00051-1

TO REORDER, CALL YOUR LOCAL SAFEGUARD DISTRIBUTOR AT 602-246-2584

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03184

REFERENCE NO.	DESCRIPTION	INVOICE DATE	INVOICE AMOUNT	DISCOUNT TAKEN	AMOUNT PAID
	Parcel# 93011611 - First				14,208.92

CHECK DATE	CHECK NO.	PAYEE	DISCOUNTS TAKEN	CHECK AMOUNT
10/6/04	3184	Mohave County Treasurer		\$14,208.92

ORIGINAL DOCUMENT PRINTED ON CHEMICAL REACTIVE PAPER WITH MICROPRINTED BORDER - SEE REVERSE SIDE FOR COMPLETE SECURITY FEATURES

WILLOW VALLEY WATER COMPANY, INC.

3800 N. CENTRAL AVE., SUITE 770
PHOENIX, ARIZONA 85012
(602) 224-0711

BANK ONE

BANK ONE, N.A.
Phoenix, Arizona

03184

91-2/1221

Memo: Parcel# 93011611

CHECK NO.
3184DATE
Oct 6, 2004AMOUNT
***\$14,208.92

PAY Fourteen Thousand Two Hundred Eight and 92/100 Dollars

TO THE
ORDER
OF

Mohave County Treasurer
Dora E. Goodmiller
P.O. Box 712
Kingman, AZ 86402-0712

THIS DOCUMENT CONTAINS HEAT SENSITIVE INK. TOUCH OR PRESS HERE - RED IMAGE DISAPPEARS WITH HEAT.

003184 122100024

0442 3406

WILLOW VALLEY WATER COMPANY, INC.

03184

REFERENCE NO.	DESCRIPTION	INVOICE DATE	INVOICE AMOUNT	DISCOUNT TAKEN	AMOUNT PAID
	Parcel# 93011611 - First				14,208.92

CHECK DATE	CHECK NO.	PAYEE	DISCOUNTS TAKEN	CHECK AMOUNT
10/6/04	3184	Mohave County Treasurer		\$14,208.92

SFMS00061-1

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